Financial Stability, Social Justice, and Public Employment in the Work of Hyman P. Minsky

by

Ryan A. Dodd*

Working Paper No. 54

June 2007

* Research Associate, University of Missouri-Kansas City

Financial Instability, Social Justice and Public Employment in the Work of Hyman P. Minsky

By Ryan A. Dodd

Abstract: The theoretical work of the late economist Hyman P. Minsky is associated in the minds of many with the latter's "financial instability hypothesis". What is less well known is Minsky's consistent advocacy throughout his life of what has come to be called, by many of its current proponents, the "employer of last resort" (ELR) proposal—as is his underlying social philosophy. While the lack of recognition of the former has been somewhat rectified in the recent literature on ELR, in this paper I attempt to draw out the links between Minsky's view of the normal functioning of an advanced capitalist economy, the social philosophy or "vision" underlying his theoretical project and his advocacy of an ELR-type program. It is further argued that such a proposal represents the kind of "radical reforms" required in order to make the transition to a more equitable and democratic form of economic and social organization.

1. Introduction

Interest in the theoretical work of the late economist Hyman P. Minsky has experienced a revival in recent years as recurring financial crises and mounting financial imbalances have wracked the global capitalist economy. Minsky's "financial instability hypothesis" has provided analysts of the contemporary scene with a sophisticated framework for understanding the observed cyclical instability and potential weaknesses of really-existing capitalist economies.[1] However, what has received significantly less attention in discussions of Minsky's theoretical contributions is his role as an early and consistent advocate of direct job creation by the federal government as a necessary and central plank in any program to combat unemployment, poverty, and inequality. In fact, as is argued below, Minsky's belief in the necessity of such a program—what has come to be called, following Minsky, the "employer of last resort" (ELR) proposal—follows from his understanding of the normal functioning of an advanced capitalist economy as well as his underlying social philosophy or "vision".

Consequently, in this paper I attempt to draw out the links between Minsky's view of the normal functioning of an advanced capitalist economy, the social philosophy or 'vision' underlying his theoretical project and his advocacy of an ELR-type program. Section 2 provides a general overview of Minsky's macroeconomics. Section 3 reconstructs a picture of Minsky's social vision as it is scattered throughout his writings, thus offering an overarching framework for approaching his theoretical and policy views. In light of the foregoing analyses, section 4 examines Minsky's advocacy of direct job creation as an alternative to both *laissez faire* and mainstream Keynesian policy prescriptions. Section 5 concludes the paper by arguing that such a proposal represents the kind of 'radical reforms' required in order to make the transition to a more equitable and democratic form of economic and social organization.

2. Macroeconomic Theory

Minsky's approach to macroeconomic theory is firmly rooted in the institutionalist and post-Keynesian traditions within heterodox economics (Papadimitriou and Wray 1997, p. 3). As such, it combines the post-Keynesian emphasis on fluctuations in aggregate investment as the key proximate determinant of short-run fluctuations in economic activity, with a detailed institutional analysis of the contemporary financial system. The result of this combination is "an investment theory of the business cycle and a financial theory of investment" (Minsky 1985a, p. 30). The main proposition of this theory is that advanced capitalist economies have an inherent tendency to instability that is located in the internal dynamics of the capital accumulation process (Minsky 1985a, 1986, 1992). The details of this tendency revolve around the role of money and credit (i.e., finance) in a technologically-advanced capitalist economy with expensive and long-lived capital assets. Such an economy implies the existence of a "complex, sophisticated and evolving" financial system capable of providing the external means necessary to finance "positions"—i.e., ownership and control—in capital and financial assets (Papadimitriou and Wray 1999).

The three main components of Minsky's macroeconomic theory include: 1) the financial theory of investment; 2) the Kalecki approach to profits (and prices); and 3) the financial instability hypothesis (Papadimitriou and Wray 1997, p. 10). Therefore, in this section I briefly review each of these three components, respectively, before proceeding to an examination of Minsky's underlying social philosophy.

The Financial Theory of Investment

A useful starting point for an understanding of Minsky's theory of the macroeconomy is to be found in his reinterpretation of the work of John Maynard Keynes (Minsky 1975a, 1985b). The core of this reinterpretation is a clarification and extension of Keynes's theory of investment—for it is the accumulation process which is the driving force in a capitalist economy. Minsky argues that investment in a technologically-advanced capitalist economy with expensive and long-lived capital assets requires the existence of a complex and sophisticated financial system. The latter provides firms with the external means necessary to finance the ownership and control of capital and financial assets. Consequently, the terms and conditions on various financial (debt) instruments are a key determinant of the level of aggregate investment in the economy. It is this very fact which is neglected in orthodox conceptions of the economy—and the policy prescriptions based such conceptions—as well as in standard interpretations of Keynes's theoretical framework.[2]

In a capitalist economy, production and investment are carried out in the expectation of making a monetary profit. Furthermore, the proximate owners of a society's productive wealth—i.e., its means of production—in such an economy are private firms. However, as Keynes noted:

> There is a multitude of real assets in the world which constitute our capital wealth—buildings, stocks of commodities, goods in the course of manufacture and of transport and so forth. The nominal owners of these assets, however, have not infrequently borrowed *money* in order to become possessed of them. To a corresponding extent the actual owners of wealth have claims, not on real assets, but on money. A considerable part of this "financing" takes place through the banking system, which imposes its guarantee between its depositors who lend it money and its borrowing customers to whom it loans money with which to finance the purchase of real assets. The interposition of this veil of money between the real asset and the wealth owner is a specially marked characteristic of the modern world (Keynes 1973, p. 151; quoted in Minsky 1975a, p. 117; emphasis in the original).

As a result of this "veil of money as finance", the profit expectations which lie behind decisions to produce and invest in an advanced capitalist economy are intimately intertwined with financing conditions. Thus, the current and future liability structures of the economy feed into the determination of aggregate investment. In addition to providing the external means necessary for financing positions in capital assets and investment, the financial system translates the expected future returns from owning real and financial assets into present values.

The profits which capitalists expect to derive from the ownership of the means of production are a flow over time. However, current decisions to produce and invest involve current or near-term prices—e.g., the selling price of the firm's output, labor and raw materials costs, overhead costs, the supply price of investment goods purchased, etc. Thus, in order for an individual firm to determine its level of investment, it must be able to compare these present prices to the expected returns from the investment project. In a simplified model of the investment decision-making process, capitalists are assumed to establish a present discounted value for the expected future profit flows from a range of possible investment projects. This establishes a demand price for the assets that would be produced in the course of a given investment project. A similar process can also be applied to the determination of the price of financial assets and already existing capital assets. Therefore, in an advanced capitalist economy, there really exists *two price systems*—as opposed to the single price system of neoclassical theory. The first is the price system for *current output* and, in a world of oligopolistic industries, these prices are determined by a mark-up over technologically determined costs of production. The second is the price system for *capital and financial assets* and these prices are determined within the financial system. In the aggregate, investment will take place as long as the price level for capital assets—as determined within the financial system—is greater than the price level for current investment output (i.e., the cost of investment).

However, as noted above, in an advanced capitalist economy ownership and control of capital assets often require access to external financing. As result of this situation, the financial system not only affects the level of investment by determining a demand price level for investment goods, it also adds to the costs of production and the costs of purchasing investment output. This is because the use of external financing involves both *lender's* and *borrower's risks*. The liabilities that firms issue in the course of producing and investing eventually need to be repaid. This requires that the expected returns from production and investment (i.e., profits) are sufficient to meet these debt commitments as they come due as well as to justify the prices paid for previous investments. However, in a fundamentally uncertain world, the sufficiency of profits is never guaranteed. Therefore, significant risks are involved in both lending and borrowing. These risks attenuate both the demand and supply prices of investment goods, thereby affecting the level of investment.

The Kalecki Approach to Profits (and Prices)

In the case of investment, the expected future returns are the profits generated from the successful operation of the newly produced capital assets. In turn, these returns "reflect the productivity of capital assets, the efficacy of management, the efficiency of labor, and the behavior of markets and the economy" (Minsky 1982, p. 24). In particular, aggregate gross profits in the economy depend on the composition of aggregate demand. In a closed economy with no government, in which it is assumed that workers spend all of their income on consumption goods and capitalists spend none of theirs, it can be demonstrated that aggregate gross profits equal aggregate investment.[3] This simple formula can then be extended to account for the addition of a government and foreign sector as well as consumption out of profits and saving out of wages. The above statement then becomes:

(1) after-tax profits = investment + government deficit – balance of trade deficit + consumption out of profits – saving out of wages

Both the balance of trade and the consumption and saving decisions of capitalists and workers respond more or less passively to the level of income, as does the government deficit. Thus, the main conclusion of this approach is that, in a capitalist economy, aggregate investment largely *determines* aggregate (gross) profits. The distribution of these profits among firms "can [then] be viewed as the outcome of a competition among capitals" (Minsky 1986, p. 143). This measure of gross profits represents a *macro* mark-up over the economy-wide, technologically-determined costs of production. Individual prices represent a *micro* mark-up over individual firms' costs of production. The micro mark-up that an individual firm is able to obtain depends on the macro mark-up and the firm's market power. Consequently, inflation is the result of either an increase in the macro mark-up relative to the wage bill in the consumption goods sector or an increase in the technologically-determined costs of production (ibid., p. 284).

The Financial Instability Hypothesis

Whereas the financial theory of investment represents an extension of the Keynesian theory of income and employment determination in an advanced capitalist economy, the financial instability hypothesis represents an extension of the financial theory of investment. The former is concerned with the way in which financial variables interact with profit expectations in the determination of the level of investment and, thus, income and employment *at a point in time*. The latter is concerned with the way in which financial variables, in response to the profit-seeking behavior of financial institutions and the impact of an expansion on the expectations of economic units, *evolve over time*. Thus, the financial instability hypothesis is simply a more dynamic expression of the financial theory of investment. It concerns the internal factors within the accumulation process that cause an advanced capitalist economy to be inherently unstable.

Beginning from a situation in which most firms' expected receipts are greater than their cash flow commitments in every period for the foreseeable future—i.e., what Minsky calls "hedge" financing—the expansionary phase of the business cycle leads to optimistic views of the future and increasing investment. Furthermore, profit-induced innovation on the part of the financial system expands the financing available for investment, effectively making the money supply endogenous. Since current investment largely determines current profits, increasing investment raises cash flows and the expected future profitability of investing, thus encouraging more investment and an increased willingness on behalf of firms to speculate in their balance sheets. As more and more firms take greater speculative positions in assets—i.e., by taking a more highly 'leveraged' position, what Minsky calls speculative and Ponzi positions—the financial structure is increasingly vulnerable to any changes in macroeconomic conditions. At some point, the structure becomes unsustainable and a financial crisis ensues, followed by a cumulative decline in investment, profits, income and employment, and asset prices. Such a process of increasing financial instability marks not only the business cycle but also the secular trend of the economy.

The relevance of the foregoing for Minsky's development of the ELR proposal is examined below. However, for now, it is important to recognize the essential point that capitalist economies are subject to both underemployment and instability as a result of the normal functioning of the system. It is with these two fundamental defects of capitalist economies in mind—as well as the generation of large-scale inequalities—that the ELR proposal is constructed. Nonetheless, before demonstrating this claim, it is necessary to take a brief excursion into the underlying social philosophy or "vision" that animated Minsky's theoretical project.

3. Social Philosophy

In a famous section of his magisterial *History of Economic Analysis*, Joseph Schumpeter (1954) discusses the importance of "pre-analytic visions" in the construction of social theories. These visions reflect the underlying value commitments and world-view of the social theorist and are in many ways prior to the development of theory. As such, they play a significant role in shaping the kinds of problems posed, the specific answers given, and the overall thrust of the theories developed within a particular individual's analytical framework. Furthermore, I would argue that these visions are of a fundamentally *ethical* nature—that is, they concern one's conception of "the good life". These conceptions of the good life, combined with some conception of the nature of social reality, in turn, largely determine the types of policies advocated by the social theorist. Therefore, in order to establish a link between Minsky's theoretical analyses and his policy proposals, it is necessary to have some sense of his underlying social philosophy.

In the penultimate chapter of *John Maynard Keynes*, Minsky addresses the relationship between Keynes's social philosophy and his economic policy proposals. Therein he characterizes Keynes's policy views prior to the publication of *The General Theory* as "a flirtation with a humane, decentralized socialism, a flirtation which was tempered by the discipline of an economist" (Minsky 1975a, p. 147). Such a representation of Keynes, however, can be seen to reflect Minsky's own perspective in many ways. While taking "the Keynesian revolution" in a much more radical direction than most of those within the mainstream of the policy establishment (as well as Keynes himself), Minsky's perspective was always tempered by what he saw as the realities of the situation. Though he recognized that "the *normal* functioning of our economy leads to financial trauma and crises, inflation, currency depreciations, unemployment, and poverty in the midst of what could be virtually universal affluence" and that "a once-and-for-all resolution of the flaws in capitalism cannot be achieved", Minsky never openly advocated the necessity for an alternative to such a system (Minsky 1986, p. 287).

Nonetheless, the emphasis Minsky placed on the inefficiency of the capital accumulation process under capitalism, the inherent instability of the financial system, and the power of large corporations led him to advocate a number of quite radical reforms. In an article published in *The Journal of Economic Education* in 1985 on "The Legacy of Keynes", Minsky made a case for the socialization of investment—in the context of a market socialism—based on the "stabilization-inefficiency" of capitalist economies. The latter refers to the efficiency of capitalist economies in terms of resource creation and utilization as opposed to the standard neoclassical concern with "allocation-efficiency" (Minsky 1985b). As a result of the inability of an advanced capitalist economy with a sophisticated financial system to fully utilize the available resources (particularly labor services), Minsky argued for significant planning of the investment process to be supplemented by market allocation of the *particular* goods and services produce [produced?]. In numerous other places, he advocated direct credit controls on the banking system and the need to diminish the market power of large corporations (e.g., Minsky 1986, especially chapter 12). Like Keynes, Minsky believed that the private market does a relatively good job of determining what should be produced and in what quantities, but that the two outstanding faults of capitalism are "its failure to provide for full employment and its arbitrary and inequitable distribution of wealth and incomes" (Keynes 1964 [1936], p. 372).[4] However, Minsky did acknowledge that "the determination of what is produced may be related to the distribution of income so that acceptance of the market mechanism as the determinant of the direction of employment may rest upon a prior short-circuiting of the market-determined distribution of income" (Minsky 1975a, p. 148).

Thus, it can be seen that Minsky's commitment to the Keynesian triad of "economic efficiency, social justice and individual liberty", combined with his views on the normal functioning of an advanced capitalist economy, led him to propagate a humane social democracy as an alternative to the rapacious financial capitalism of his time. This commitment is demonstrated most clearly in his consistent advocacy, throughout most of his life, of what has come to be called, in the contemporary literature, the ELR proposal. The essence of this proposal is that the government offer to hire anyone ready, willing, and able to work, at a stated uniform fixed wage. The contours of an ELR program and its relationship to what Minsky saw as the fundamental flaws of capitalism are addressed in the next section.

4. Economic and Social Policy

The preceding two sections provided an overview of Minsky's views on social philosophy and the normal functioning of an advanced capitalist economy. In this section we investigate the linkages between these views and Minsky's early advocacy of what has come to be called, in the contemporary literature, the "employer of last resort" or "government job guarantee" program (Wray 1998).[5] The latter represents an extension of Minsky's critique of mainstream "Keynesianism" to the area of public policy. Of particular importance is his critique of the demand-management policies of the postwar period, which emphasized a private investment strategy to the problems of unemployment and poverty. In contrast to this perspective, Minsky advocated an alternative public employment strategy based on an ELR program. Furthermore, this alternative strategy also took into account the problems of income distribution and inequality.

The Critique of Demand-Management

In a series of papers written in the 1960s and 1970s, Minsky developed a trenchant critique of the "Keynesian" policies that were dominant in government and academia at the time (Minsky undated, 1965, 1968, 1973, 1975b). These policies emphasized investment-led economic growth, combined with supply-side improvements in technology and the labor force, as a virtual panacea for economic and social problems.[6] This approach was aptly captured in President Kennedy's aphorism that "a rising tide lifts all boats". In contrast to the postwar triumphalism characteristic of American capitalism's so-called "Golden Age", Minsky advanced an alternative perspective on the successes of demand-management. While recognizing the relative successes of this strategy at decreasing unemployment and absolute poverty, he argued that there were three fundamental flaws with a private investment-led strategy: 1) it is inflationary; 2) it increases inequality; and 3) it is destabilizing.

A private investment strategy is inflationary for primarily two reasons. The first consists of the fact that, as was demonstrated above, aggregate investment is a significant determinant of the aggregate mark-up over technologically determined costs of production. Again, if the aggregate mark-up rises relative to the wage bill in the consumption goods sector, then inflation will be the result. By biasing aggregate demand toward the production of investment goods, the private investment strategy increases the aggregate mark-up available to producers in the consumption goods sector and, thus, prices. The second reason for the inherent inflationary bias of an investment-led strategy is the increased need to validate the inherited liability structure. Increased investment requires external financing. The liabilities created in the financing of investment and positions in the available stock of capital assets must be validated in the production of income. As result of the need to validate these liabilities, firms must increase their individual mark-ups over their technologically determined costs of production.

In addition to the inflationary bias of a private investment-led strategy, such an approach also increases financial fragility. Since increases in investment lead to increases in global profits, this stimulates further investment in a self-reinforcing upward spiral. Increasing profits increase not only firms' desires to invest but also the willingness of lenders to lend. As firms continue to experiment in what is considered an acceptable balance sheet and profit-seeking financial institutions encourage this process, the financial structure becomes increasingly fragile. Also, a private investment strategy exacerbates the problem of inequality. This occurs for two reasons. First, the tax incentives used to stimulate investment redound mainly to capital. The assumption is that, by increasing the profitability of investing, firms will invest more. This should then "trickle down" to the unemployed and poor—though the evidence of this occurring is questionable (Bell and Wray 2004, p. 18). Second, government expenditure on research and development tends to favor highly-skilled and, thus, already well-paid workers. While the first increases inequality between labor and capital, the second increases intra-labor inequality. As a result of these inherent limitations, Minsky sought out an alternative to the demand-management program of the postwar Keynesians.

Employer of Last Resort

As noted above, Keynes believed that the two fundamental flaws of capitalism are “its failure to provide for full employment and its arbitrary and inequitable distribution of wealth and income”. However, the dominant version of Keynes that emerged from World War II virtually ignored the second of these flaws, while approaching the first through a private investment-led growth strategy. The inherent limitations of such a strategy were outlined above. However, it can now be stated that all three of these limitations stem from a misspecification of the type of economy in which we actually live. According to Minsky,

> [T]he model [that the self-proclaimed ‘Keynesians’ of the 1960s] used to analyze the economy and as a basis for determining appropriate policy maneuvers not only violated both the spirit and the substance of Keynes’s *The General Theory* but also misspecified the economy they were dealing with [by leaving out finance, uncertainty and speculation]. . . . Because of this misspecification their policy advice was based upon a model which implied that the dynamic processes of the economy led to steady growth rather than business cycles (1975a, p. 161).

A properly specified economy, on the other hand, would emphasize the endogenous generation of cycles and instability in a technologically advanced and financially sophisticated capitalist economy—i.e., of the type outlined in Section 2 above.

As was stated earlier, Minsky advanced an alternative-employment-based strategy for the problems of unemployment, poverty, and inequality. The centerpiece of this alternative strategy was an employer of last resort or government job guarantee program. In a piece on employment policy from the mid-1960s, Minsky described the program as follows:

> The philosophy underlying this strategy takes the unemployed as they are and fits public jobs to their capabilities. Such public employment for adult workers would be at the national minimum wage; part time work to supplement social security and child maintenance allowances would be available; youth wages could be set at some discount from the legislated minimum wage. This is analogous to farm price supports: the legislated minimum wage is replaced by a wage floor set by an always available alternative. Jobs will be available to all; there would be no means test for participation (Minsky 1965, p. 99).

Furthermore, "the employment available would be in labor intensive services that lead to readily visible public benefits" (ibid.). The latter is for both political and economic reasons. An ELR program should lead to readily visible public benefits in order to be considered a serious alternative to transfer schemes and to avoid the stigma generally attached to "welfare" programs. In addition, ELR jobs should reflect the available skill sets of those seeking employment. This would allow the immediate movement to true full employment, thus taking care of the first of Keynes's two fundamental flaws of capitalism.[7]

The second fundamental flaw—inequality—would also be improved as a result of the achievement of full employment. This would happen as a result of the labor market dynamics generated in the context of full employment. Minsky believed that, in the case of "tight full employment", lower paying jobs would have their wages bid upwards at a faster rate than higher paying jobs (Minsky 1973). In this context, Minsky defined "tight full employment" as a situation in which, "over a broad cross section of occupations, industries, and locations, employers, at going wages and salaries, would prefer to employ more workers than they in fact do" (Minsky 1965, p. 177). However, if this were not to be the case, an incomes policy may be required in addition to an ELR program to slow the wage increases in higher paying sectors of the economy. Furthermore, the existence of tight full employment might lead to a once-and-for-all increase in prices as the economy moves to a position of full employment. Nonetheless, unlike a scheme of transfer payments in which income is received with no offsetting increase in production, a public employment program would increase the amount of public consumption available. As a result, it would also be less inflationary than a private investment strategy. Finally, in terms of inequality, a public employment program, which takes workers as and where they are, does not depend on income and jobs "trickling down" from the already well-to-do.

5. Conclusion

This paper has attempted to draw out some of the linkages between various aspects of the work of Hyman P. Minsky. It was argued that Minsky's advocacy of an ELR-type program, viewed in conjunction with his underlying social philosophy, is a logical extension of his critique of mainstream theorizing about the economy. While recognizing the fact that capitalism is fundamentally flawed, Minsky argued that:

> It may also be maintained that capitalist societies are inequitable and inefficient, but the flaws of poverty, corruption, uneven distribution of amenities and private power, and monopoly-induced inefficiency (which can be summarized in the assertion that capitalism is unfair) are not inconsistent with the survival of a capitalist economic system. Distasteful as inequality and inefficiency may be, there is no scientific law or historical evidence that says that, to survive, an economic order must meet some standard of equity and efficiency

(fairness). A capitalist economy cannot be maintained, however, if it oscillates between threats of an imminent collapse of asset values and employment and threats of accelerating inflation and rampant speculation, especially if the threats are sometimes realized. If the market mechanism is to function well, we must arrange to constrain the uncertainty due to business cycles so that the expectations that guide investment can reflect a vision of tranquil progress (Minsky 1986, p. 6).

However, the ELR proposal can also be viewed as a "radical reform" in the sense of a reform that points beyond the system being reformed. By making a job a democratic right as well as providing work experience not directly tied to the need to maximize profits, such a program defies much of the driving logic of the capitalist system, while meeting one of the most pressing needs of the unemployed. It therefore should be given significantly more attention and consideration than it currently has been by progressive economists, activists, and public policy-makers striving to create a more equitable and democratic form of economic and social organization.

Notes

[1] As opposed to the assumed tranquility of standard mainstream representations of the economic world in which we live.

[2] The standard interpretation of Keynes being the so-called IS-LM model, with its attendant policy prescriptions of aggregate demand-management.

[3] This is, of course, the well known "Kalecki equation". See Minsky 1982 and 1986 (especially chapter 7) for further exposition.

[4] A Marxist or non-Marxist radical would probably add a number of other significant faults, including: 1) the anti-democratic and alienating nature of the production process; 2) devastation of the natural environment; and 3) imperialism.

[5] The details of Minsky's proposal are described below. However, the basic idea behind such a program is that the government would offer a job to anyone ready, willing, and able to work, at a stated uniform fixed wage.

[6] This was mostly accomplished through various investment incentives—e.g., accelerated depreciation, tax credits, contracts with guaranteed profits, etc.

[7] The existence of an ELR program would constitute a case of full employment by definition, since no one could be unemployed simply for lack of an available opportunity. Of course, so-called "frictional" unemployment would continue to exist, as certain people chose not to accept an ELR job while searching for employment in the private sector or transitioning between jobs.

References

Bell, Stephanie A. and L. Randall Wray. 2004. "The War on Poverty after 40 Years: A Minskyan Assessment". Public Policy Brief No. 78. Annandale-on-Hudson: Jerome Levy Economics Institute.

Keynes, John Maynard. 1964 [1936]. *The General Theory of Employment, Interest and Money*. New York: Harcourt Brace Jovanovich.

-----1973. "The Consequences to the Banks of the Collapse of Money Value", reprinted in *The Collected Writings of John Maynard Keynes*, vol. 9, *Essays in Persuasion*. London and Basingstoke: Macmillan, for the Royal Economic Society.

Minsky, Hyman P. Undated. "Policy and Poverty". Unpublished manuscript.

-----1965. “The Role of Employment Policy”, in Margaret S. Gordon (ed.), *Poverty in America*. San Francisco: Chandler Publishing Company.

-----1968. “Effects of Shifts in Aggregate Demand on Income Distribution”. *American Journal of Agricultural Economics* 50(2), pp. 328-339.

-----1973. “The Strategy of Economic Policy and Income Distribution”. *The Annals of the American Academy of Political and Social Science* 409, pp. 92-101.

-----1975a. *John Maynard Keynes*. New York: Columbia University Press.

-----1975b. “The Poverty of Economic Policy”. Unpublished manuscript.

-----1982. “Finance and Profits: The Changing Nature of American Business Cycles”, in Hyman P. Minsky, *Can “It” Happen Again?: Essays in Instability and Finance*. Armonk, New York: M.E. Sharpe.

-----1985a. “The Financial Instability Hypothesis: A Restatement”, in Philip Arestis and Thanos Skouras (eds.), *Post Keynesian Economic Theory*. Armonk, New York: M.E. Sharpe.

-----1985b. “The Legacy of Keynes”. *The Journal of Economic Education* 16(1), pp. 5-15.

-----1986. *Stabilizing an Unstable Economy*. New Haven: Yale University Press.

-----1992. “The Financial Instability Hypothesis”. Working Paper No. 74. Annandale-on-Hudson: Jerome Levy Economics Institute. Reprinted in Philip Arestis and Malcolm Sawyer (eds.), *Handbook of Radical Political Economy*. Cheltenham, UK and Northhampton, MA: Edward Elgar.

-----1993. “Finance and Stability: The Limits to Capitalism”. Working Paper No. 93. Annandale-on-Hudson: Jerome Levy Economics Institute.

Papadimitriou, Dimitri and L. Randall Wray. 1997. “The Economic Contributions of Hyman Minsky: Varieties of Capitalism and Institutional Reform”. Working Paper No. 217. Annandale-on-Hudson: Jerome Levy Economics Institute.

-----1999. “Minsky’s Analysis of Financial Capitalism”. Working Paper No. 275. Annandale-on-Hudson: Jerome Levy Economics Institute.

Schumpeter, Joseph A. 1954. *History of Economic Analysis*. New York: Oxford University Press.

Wray, L. Randall Wray. 1998. *Understanding Modern Money: The Key to Full Employment and Price Stability*. Cheltenham, UK and Northampton, MA: Edward Elgar.